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24.
William A. Bonnet
Vice President
Government & Community Affairs

April 26, 2007

PUBLIC UTILITIES
COMMISSION

2007 APR 26 P 3 38

FILED

The Honorable Chairman and Members of the
Hawaii Public Utilities Commission
465 South King Street, First Floor
Kekuanaoa Building
Honolulu, Hawaii 96813

Dear Commissioners:

Subject: Docket No. 2006-0387
MECO 2007 Test Year Rate Case
Affidavits of Publication

Attached are the Affidavits of Publication for Maui Electric Company, Limited's ("MECO") Notice of Public Hearings in the above referenced docket. As indicated on the Affidavits of Publication, public hearing notices were published in The Honolulu Advertiser and the Maui News on April 12, 2007.

Sincerely,

Attachments

cc: Division of Consumer Advocacy

AFFIDAVIT OF PUBLICATION

STATE OF HAWAII, } ss.
County of Maui.

Terri Yip-Komoda being duly sworn
deposes and says, that she is Advertising Sales of
the Maui Publishing Co., Ltd., publishers of the MAUI NEWS, a
newspaper published in Wailuku, County of Maui, State of Hawaii;
that the ordered publication as to _____

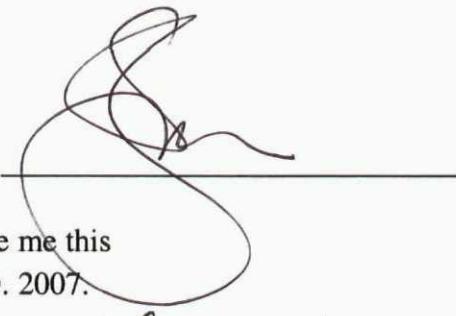
NOTICE OF PUBLIC HEARINGS IN THE MATTER OF THE APPLICATION OF MAUI ELECTRIC COMPANY,

of which the annexed is a true and corrected printed notice, was
published 1 times in the MAUI NEWS, aforesaid, commencing
on the 12th day of April, 2007, and ending
on the 12th day of April, 2007, (both days
inclusive), to-wit: _____

April 12, 2007

and that affiant is not a party to or in any way interested in the above
entitled matter.

Subscribed and sworn to before me this
12th day of April A.D. 2007.


Notary Public, Second Judicial
Circuit, State of Hawaii.

LEILA ANN L. LEONG
My Commission Expires: 11-23-07

PUBLIC UTILITIES
COMMISSION
2007 APR 26 P 3 38

FILED

NOTICE OF PUBLIC HEARINGS
IN THE MATTER OF THE APPLICATION OF
MAUI ELECTRIC COMPANY, LIMITED
FOR APPROVAL OF RATE INCREASES AND
REVISED RATE SCHEDULES

Docket No. 2006-0387

NOTICE IS HEREBY GIVEN that pursuant to chapters 91 and 269, Hawaii Revised Statutes ("HRS"), the STATE OF HAWAII PUBLIC UTILITIES COMMISSION ("Commission") will hold public hearings, on the application of Maui Electric Company, Limited ("MECO"), filed on February 23, 2007, for approval of rate increases and revised rate schedules and rules. The public hearings will be held as follows:

MOLOKAI

Tuesday, April 24, 2007, 6:00 P.M.
 Mitchell Paole Center,
 Conference Room
 90 Aina Street
 Kaunakakai, Molokai, HI 96748

MAUI

Wednesday, April 25, 2007, 6:00 P.M.
 Lihikai School Cafeteria
 335 S. Papa Avenue
 Kahului, Maui, HI 96732

LANAI

Thursday, April 26, 2007, 6:00 P.M.
 Lanai High & Elementary School
 Cafeteria
 555 Fraser Avenue
 Lanai City, Lanai, HI 96763

MECO is an operating public utility engaged in the production, purchase, transmission, distribution, and sale of electricity on the island of Maui; and the production, transmission, distribution, and sale of electricity on the island of Molokai; and the production, distribution, and sale of electricity on the island of Lanai. MECO seeks Commission approval of a general rate increase of approximately \$18,977,000, or about 5.3%, over revenues at present rates. The requested increase is based on estimated total revenue requirements of approximately \$376,285,000 for the normalized 2007 calendar test year ("Test Year") (based on September 1, 2006 fuel oil prices and an 8.98% rate of return on MECO's average rate base, including a return on common equity of 11.23%). Specifically, by divisions, MECO's Maui Division is requesting a revenue increase of approximately \$17,757,000, or about 5.3%; over revenues at present rates for the Test Year. MECO's Lanai Division is seeking a revenue increase of approximately \$39,000, or about 5.3%; over revenues at present rates for the Test Year; and MECO's Molokai Division is seeking a revenue increase of approximately \$681,000, or about 5.3%; over revenues at present rates for the Test Year.

MECO's present rates are the result of the Commission's decision issued on April 6, 1999, for the MECO 1999 test rate case. MECO has filed this request for a general rate increase due primarily to the addition of plant and equipment in MECO's electric system, and operation, maintenance, and depreciation expenses. MECO states that without further rate relief, its rate of return on its average rate base will be approximately 6.24% for the normalized 2007 calendar test year, as compared to the 8.83% authorized by the Commission in 1999.

MECO requests that its general rate increase and the revisions to its rate schedules and rules take effect in two (2) steps:

(1) **Interim Increase:** An interim increase in rates, to which the Commission finds MECO is "probably entitled," based on the evidentiary record pursuant to HRS § 269-16(d); and

(2) **Final Increase:** A general rate increase upon the Commission's issuance of its final decision and order that provides for the amount of the total requested revenue increase that was not included in the interim rate increase.

MECO also requests that the rate design changes requested in its Application be implemented when the final increase is implemented and further requests that the interim increase implemented prior to the final step be structured as surcharges for the various classes based on a percentage of the customer's base charges (i.e., exclusive of Energy Cost Adjustment charges and other surcharges). The following illustrates MECO's proposed revenue increases over present rates, in dollar amounts and percentages, by divisions and rate classes.

Mau Division

Rate Class	Revenues At Present Rates (\$000s)	Revenues At Proposed Rates (\$000s)	Proposed Increase Amount (\$000s)	Percent
Schedule R	\$121,916.2	\$128,342.8	\$ 6,426.6	5.27%
Schedule G	29,812.9	31,384.4	1,571.5	5.27%
Schedule J	75,029.6	78,984.6	3,955.0	5.27%
Schedule H	5,909.6	6,221.1	311.5	5.27%
Schedule P	98,985.7	104,203.5	5,217.8	5.27%
Schedule F	1,421.2	1,496.1	74.9	5.27%
Total Sales	\$333,075.2	\$350,632.5	\$17,557.3	5.27%
Other Operating	1,389.0	1,589.0	200.0	14.40%
Total	\$334,464.2	\$352,221.5	\$17,757.3	5.31%

Lanai Division

Rate Class	Revenues At Present Rates (\$000s)	Revenues At Proposed Rates (\$000s)	Proposed Increase Amount (\$000s)	Percent
Schedule R	\$ 2,731.6	\$ 2,875.6	\$ 144.0	5.27%
Schedule G	725.2	763.4	38.2	5.27%
Schedule J	2,253.8	2,372.6	118.8	5.27%
Schedule H	180.5	190.0	9.5	5.26%
Schedule P	4,138.7	4,356.9	218.2	5.27%
Schedule F	16.9	18.8	1.9	5.15%
Total Sales	\$ 10,066.7	\$ 10,597.3	\$ 530.6	5.27%
Other Operating	37.9	36.9	9.0	23.75%
Total	\$ 10,104.6	\$ 10,644.2	\$ 539.6	5.34%

Molokai Division	Revenues At Present Rates (\$000s)	Revenues At Proposed Rates (\$000s)	Proposed Increase Amount (\$000s)	Percent
Schedule R	\$ 4,556.7	\$ 4,796.9	\$ 240.2	5.27%
Schedule G	1,703.7	1,793.5	89.8	5.27%
Schedule J	2,831.8	2,981.1	149.3	5.27%
Schedule H	643.4	677.3	33.9	5.27%
Schedule P	2,734.9	2,879.1	144.2	5.27%
Schedule F	160.9	169.4	8.5	5.28%
Total Sales	\$ 12,631.4	\$ 13,297.3	\$ 665.9	5.27%
Other Operating	107.1	122.1	15.0	14.01%
Total	\$ 12,738.5	\$ 13,419.4	\$ 680.9	5.35%

MECO Total:

The actual increase amounts for each division and each rate schedule may be different from the proposed amounts, as a result of the Commission's decision with respect to the allocation of the increase to the divisions and among the various rate schedules. The increase experienced by a particular customer will depend on the customer's schedule of service, and other factors, such as the customer's energy use and the customer's billing demand (where applicable).

The proposed rate schedules include: 1) revisions to customer charges, demand charges, energy charges, and other charges, where applicable; 2) inclusion of a three-tiered inclining block rate structure for residential service which would assess lower per kilowatt-hour non-fuel energy charges to customers who use less energy; 3) the addition of optional time-of-use rate schedules for residential, small commercial, commercial and large power customers; and 4) the closing of Schedule H and Schedule U to new customers, the closing of Schedule N (Molokai Division) to new accounts, and the discontinuance of Rider EV-R and Rider EV-C. The actual amounts of increase for each rate schedule may be different from the proposed amounts, as a result of the Commission's decision in this proceeding.

MECO is also proposing to modify its Rule No. 7 and Rule No. 8. MECO's proposed Rule No. 7 increases the Service Establishment Charge from \$15.00 to \$25.00 and increases the same day service connection charge from \$10.00 to \$20.00; and for Rule No. 8, MECO proposes to change the "Returned Check Charge" to a "Returned Payment Charge" (to reflect the different payment options such as automatic bill payment, credit card, and debit card in addition to check payments) and increases the current charge from \$10.00 to \$25.00 per returned check or returned payment; and increases the Field Collection Charge from \$15.00 to \$25.00 per field collection call.

The Commission will determine whether the proposed revenue increases, changes in rate schedules and rules, and other matters requested or proposed by MECO, are just and reasonable. The Commission will hold an evidentiary hearing sometime after the conclusion of the public hearings; unless MECO and the applicable parties to this proceeding, at their option and upon the Commission's approval, waive the evidentiary hearing. The total revenue increase for the Test Year will not exceed the \$18,977,000 over revenues at present rates that MECO requests. However, the overall increases in rates and charges to be finally approved by the Commission, if any, may be higher or lower than the proposed rates and charges for the various schedules of service.

All interested persons are invited to attend the public hearings to state their views orally, in writing, or both. Written statements may be submitted prior to or at the public hearings.

Statements may be submitted to the Public Utilities Commission, 463 South King Street, Room No. 103, Honolulu, Hawaii, 96813 via postal mail or personal delivery. Statements may also be submitted by electronic mail to the Commission's email address at HawaiIPUC@hawaii.gov.

Motions to intervene or participate in this proceeding shall comply with Subchapter 4, *Rules of Practice and Procedure Before the Public Utilities Commission*, Hawaii Administrative Rules, Title 6, Chapter 61. A motion to intervene or participate in this proceeding must be filed with the Commission's Honolulu Office by Monday, May 7, 2007.

Copies of MECO's Application and supporting documents are available for public inspection during regular business hours at the following locations:

1. PUBLIC UTILITIES COMMISSION
 463 South King Street, Room 103
 Honolulu, Hawaii 96813
 Phone: (808) 586-2020

2. PUBLIC UTILITIES COMMISSION
 MAUI DISTRICT OFFICE
 State Office Building #1
 34 S. High Street, Room 218
 Wailuku, Hawaii 96793
 Phone: (808) 984-8182

3. DEPARTMENT OF COMMERCE &
 CONSUMER AFFAIRS
 DIVISION OF CONSUMER
 ADVOCACY
 135 Merchant Street, Suite 326
 Honolulu, Hawaii 96813
 Phone: (808) 586-2800

4. Maui Electric Company, Limited
 210 West Kamehameha Avenue
 Kahului, Hawaii 96732
 Phone: (808) 871-8461

Special arrangements to accommodate persons with disabilities can be made if requested reasonably in advance of the public hearing by contacting the Commission's Honolulu Office, see above.

Edward L. Reinhardt
 President
 Maui Electric Company, Limited
 (MN Apr. 12, 2007)

FILED

IN THE MATTER OF

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NOTICE OF PUBLIC HEARINGS

In the Matter Of The Application of Maui Electric Company, Limited
For Approval of Rate Increases & Revised Rate Schedule
Docket No. 2008-0387

MAIL-UP PUBLIC HEARING

IN THE MATTER OF THE APPLICATION OF
MAUI ELECTRIC COMPANY LIMITED
FOR APPROVAL OF RATE INCREASES AND
REVISED RATE SCHEDULE

Docket No. 2008-0387

AFFIDAVIT OF PUBLICATION

NOTICE IS HEREBY GIVEN THAT pursuant to Chapter 51 and 54A, Hawaii Revised Statutes ("HRS"), the STATE OF HAWAII, and ALL PUBLIC UTILITIES ("PUBLIC UTILITIES" or "Commission") is to hold public hearings on the application of Maui Electric Company, Limited ("MECO") filed on February 21, 2007 for approval of rate increases and revised rate schedules and rates. The public hearings will be held as follows:

MAIL-UP PUBLIC HEARING
Tuesday, March 20, 2007, 6:00 P.M.
Mitsubishi Plaza Center, Conference Room
98 Alii Street
Kahului, Maui, HI 96740

MAIL-UP PUBLIC HEARING
Wednesday, April 25, 2007, 6:00 P.M.
Liholihi School Cafeteria
335 S. Paia Avenue
Kapalua, Maui, HI 96732

MECO is an operating public utility engaged in the production, purchase, transmission, distribution, and sale of electricity on the island of Maui, the production, transmission, distribution, and sale of electricity on the island of Molokai, and the production, distribution, and sale of electricity on the island of Lanai. MECO seeks Commission approval of a general rate increase of approximately \$18,977,000 for the period from January 1, 2007 through December 31, 2007 ("the Test Year") (based on revenues for 2006) for rates of 6.09% on MECO's average rate base, including a return on revenue equal to 2.25%. Specifically, by dollar, MECO's total division is requesting a revenue increase of approximately \$17,757,000 or about 4.5%, over revenues at present rates for the Test Year. MECO's Land Division is seeking a revenue increase of approximately \$539,000, or about 5.3%, over revenues at present rates for the Test Year.

MECO's present rates are the result of the Commission's decision issued on April 6, 1999, for the MECO 1999 test year rates case. MECO has filed this request for a general rate increase due primarily to the addition of plant and equipment in MECO's electric system, and operation, maintenance and depreciation expenses. MECO states that without further rate relief, as a result of the current economic environment, it will be approximately 3.4% for the normalized 2007 calendar test year, as compared to 2.25% authorized by the Commission in its 1999 decision.

MECO requests that in general rate increase and the revisions to its rates to include rates and rules take effect in two (2) steps:
 1. **Initial Increase:** An initial increase in rates, to which the Commission finds MECO is "probably entitled," based on the extraordinary recent rates under HRS § 54-16(d) and the Commission's issuance of its final decision and other that provides for the initial increase to be effective immediately, subject to what is not included in the interim rate increase.
 MECO also requests that the rate design changes requested in its application for implementation when the final increase is implemented and further requests that the interim increase implemented prior to the final step to structure or surcharges for the various classes based on a percentage of the customer's base charge (i.e. inclusion of Energy Cost Adjustment charge and other surcharges). The following illustrates MECO's proposed revenue increases over present rates, in dollar amounts and percentages, by division and rate classes.

Rate Division	Rate Class	Revenues At Present Rates (\$MWh)	Revenues At Proposed Rates (\$MWh)	Proposed Increase Amount (\$MWh)	Percent
Land Division	Schedule R	\$111,014	\$123,418	\$12,404	5.27%
Schedule C	19,812	31,304	11,492	5.77%	
Schedule J	55,819	70,454	14,635	5.27%	
Schedule H	4,918	5,211	313	5.17%	
Schedule P	18,285	19,205	917	5.27%	
Schedule F	1,211	1,496	285	5.27%	
Total Sales		\$115,875	\$136,325	\$17,450	5.27%
Other Operating		1,399	1,589	190	14.49%
Total		\$134,664	\$152,215	\$17,573	5.27%

Land Division	Rate Class	Revenues At Present Rates (\$MWh)	Revenues At Proposed Rates (\$MWh)	Proposed Increase Amount (\$MWh)	Percent
Schedule R	5,271	\$ 1,271	\$ 1,349	78	5.27%
Schedule G	752	\$ 734	\$ 803	69	5.27%
Schedule J	1,233	\$ 1,778	\$ 1148	540	5.27%
Schedule H	1,082	\$ 1,082	\$ 1,105	23	5.16%
Schedule P	1,117	\$ 1,165	\$ 1141	-24	5.27%
Schedule F	265	\$ 265	\$ 19	-5	5.19%
Total Sales		\$ 14,866	\$ 16,593	\$ 1,727	5.27%
Other Operating		379	469	90	23.55%
Total		\$ 15,245	\$ 16,662	\$ 1,414	5.26%

Mental Division	Rate Class	Revenues At Present Rates (\$MWh)	Revenues At Proposed Rates (\$MWh)	Proposed Increase Amount (\$MWh)	Percent
Schedule R	5,456	\$ 4,798	\$ 5,142	\$ 344	5.27%
Schedule C	1,792	\$ 1,792	\$ 1,808	16	0.9%
Schedule J	1,627	\$ 1,627	\$ 1,633	6	0.37%
Schedule H	644	\$ 673	\$ 619	-54	5.27%
Schedule P	1,714	\$ 1,871	\$ 142	-329	5.27%
Schedule F	109	\$ 109	\$ 85	-24	5.28%
Total Sales		\$ 12,611	\$ 13,297	\$ 686	5.27%
Other Operating		107	121	14	14.01%
Total		\$ 12,718	\$ 13,418	\$ 634	5.27%
MECO Total		\$137,307	\$152,215	\$17,573	5.27%

The overall increases amounts for each division and each rate schedule may be different from the proposed amounts, as a result of the Commission's decision with respect to the allocation of the increase in the division and among the various rate classes. The amounts experienced by a particular customer will depend on the customer's schedule of service, and other factors, such as the customer's load and usage patterns, and the details of their applicable rate schedule.

The proposed rate schedule includes (1) charges for connection charges, demand charges, energy charges, and other charges where applicable; (2) inclusion of a three-tiered tiered block rate structure for residential service which would insert low peak block rates for non-load energy charges to customers who use less energy; (3) addition of optimal time-of-day rate structures for residential, small commercial, medium and large power customers; and (4) the addition of Schedule H and Schedule P to the existing rate schedule of MECO's Land Division to new accounts, and the discontinuation of MECO's Schedules R and R-1 and Rates 15-2. The overall amount of increase for each rate schedule may be different from the proposed amounts as a result of the Commission's decision in this proceeding.

MECO is also proposing to modify its Rate No. 7 and Rate No. 8. MECO's proposed Rate No. 7 increases the service location charge from \$15.00 to \$25.00 and removes the same day service connection charge from \$1.00 to \$10.00. And for Rate No. 8, MECO's proposed Rate No. 8 and Rate No. 8-A charge a "Service Payment Charge" (as referred to the different payment options such as automatic bill payment, electronic funds transfer, and direct debit) to each residential account for service charges from \$10.00 to \$25.00 per retained check or retained payment, and increases the bill collection fee from \$15.00 to \$25.00 per bill collection call.

The Commission will determine whether the proposed rates, rates of return, charges in rate schedules and rates, and other matters proposed or proposed by MECO are just and reasonable. The Commission will hold an evidentiary hearing sometime after the conclusion of the public hearings on the proposed rates and after the Commission's review of these options and upon the Commission's approval, issue the statutory hearing. The total amount of the proposed rates will not exceed the \$18,977,000 over revenues at present rates that MECO requests. However, the overall increase in rates and charges to be finally approved by the Commission, if any, may be higher or lower than the proposed rates and charges for the various schedules of service.

MECO will be entitled to attend the public hearings to state their views orally, in writing, or both. All other parties may be admitted present to all or the public hearings and may file written comments with the Commission. Hearings may also be submitted by electronic mail to the Commission's email address of Hawaii PUC knowledge. Persons who intend to appear or participate in this proceeding must file a Notice of Appearance with the Commission's Hawaii Office by Monday, May 7, 2007.

Copies of MECO's application and supporting documents are available for public inspection during regular business hours at the following locations:

1. PUBLIC UTILITIES COMMISSION
65 South King Street, Room 103
Honolulu, Hawaii 96813
Phone: (808) 586-8129

4. MAUI ELECTRIC COMPANY, LIMITED
110 West Kamehameha Avenue
Kahului, Maui 96732
Phone: (808) 771-5461

2. PUBLIC UTILITIES COMMISSION
65 South King Street, Room 103
Honolulu, Hawaii 96813
Phone: (808) 586-8129
5. LANAI CITY & SCHOOL LIBRARY
1531 Liholihi Street
Lanai City, Lanai 96763
Phone: (808) 586-7928

3. DEPARTMENT OF CONSUMER &
CONTRACT AFFAIRS
DIVISION OF CONSUMER ADVISORY
33 Bernice Street, Room 510
Honolulu, Hawaii 96813
Phone: (808) 586-8129

6. HAWAII PUBLIC UTILITIES
COMMISSION
65 South King Street, Room 103
Honolulu, Hawaii 96813
Phone: (808) 586-8129

Special arrangements to accommodate persons with disabilities can be made if requested community in advance of the public hearing by contacting the Commission's Honolulu Office, as above.

James L. Kauhakau
President
Maui Electric Company, Limited
(Hon. Atty., Apr. 12, 2007)

CC: 294001